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PART III—Section I

NOTIFICATIONS BY GOVERNMENT

FINANCIAL SECRETARIAT

OFFICIAL MEMORANDUM.

of charges for reservation of seats for accommodation for travel and for Board and Lodging of Government Officers.

No. Fl. (B) 4209-4309—L.F.A. 75-51-6, DATED BANGALORE, THE 30TH JANUARY 1952.

Under Article 100(2) of the M.C.A.C. Volume I, telegrams from Officers respecting applications for leave of appointments and other matters of a personal nature may not be sent at the expense of the State. In accordance with the provisions of the above Rule, it is directed that with immediate effect, all expenditure, including expenditure on Postal, Telegraphic and Trunk-call charges incurred by Government Officers in connection with the reservation of accommodation either in trains, guest-houses or hotels should be borne by the Officers concerned and should not be charged to Government.

M. SHAMANNA,

Secretary to Government,
Finance Department.

Dated 13th February 1952.

Official Memorandum.

No. (B) 4872-5080—Inv. 32-51-2. Copy of letter No. 7 (107)-F.I/50 dated the 5th November 1951, from the Secretary to the Government of India, Ministry of Finance, regarding the acceptance of guarantees offered to Government Departments for implementation of Government contracts, is forwarded for information and guidance. Copy of Official Memorandum No. Fl. 2645-740—G.F. 177-49-4, dated the 21st June 1950. (Copy appended.)

By Order,

M. SHAMANNA,

Secretary to Government,
Finance Department.

No. F. 7 (107)—F. I./50.

GOVERNMENT OF INDIA.

MINISTRY OF FINANCE.

DEPARTMENT OF ECONOMIC AFFAIRS.

New Delhi, the 5th November 1951.

Office Memorandum.

Subject: Guarantees offered by banks to Railways and other Government Departments regarding the payment of freight, implementation of Government contracts, etc.

The Ministry of Finance, Department of Economic Affairs, Office Memorandum No. F. 7 (135)—F. I./48, dated the 30th December 1949, it was decided *inter alia* that the system of accepting deposit receipts of banks other than the Imperial Bank of India as security deposit for Government contracts, etc., should be discontinued. Since the Ministry of Finance have had under consideration, in consultation with the Reserve Bank of India, the question of accepting guarantee bonds executed by banks on behalf of their clients for due implementation of Government contracts, etc. After careful consideration of the problem in its aspects it has since been decided that the following

principles should regulate the acceptance of such guarantees in future:—

- (i) Guarantee bonds executed by the Imperial Bank of India may be accepted.
- (ii) Guarantee bonds executed by a Scheduled Bank may be accepted, provided:
 - (a) the bond in question is countersigned by the Imperial Bank of India, whereby the Imperial Bank of India undertakes full responsibility to indemnify the Government Department concerned in case of default;

OR

- (b) the bank concerned lodges with Reserve Bank of India requisite securities, namely, cash deposits or Government securities, in respect of the guarantees to be executed by it and the Reserve Bank advises the Government Department concerned that the bond may be accepted.

2. In cases where a scheduled bank prefers to offer guarantee under para 1 (ii) (b) above, the procedure set out below may be followed:—

The office of the bank executing the guarantee will advise the principal office of the Reserve Bank of India, with which it maintains its principal account under Regulation 2 of the Scheduled Banks' Regulations, of the amount of the guarantee, the name of the party on whose behalf the guarantee is being given and the name of the Government Department in whose favour it is being executed, endorsing a copy of its letter to the Government Department concerned. The Reserve Bank of India will, if it holds the requisite amount of Government securities or cash on behalf of the bank, advise the Government Department concerned to accept the bank's guarantee. When a guarantee expires or is cancelled, the bank and the Government Department concerned should both advise the principal office of the Reserve Bank whereupon the relevant securities will be released.

3. The above scheme should be adopted with effect from the 1st December 1951 for a period of one year, in the first instance. Any difficulties or lacuna that may be observed in the actual working of the scheme may kindly be brought to the notice of the Ministry of Finance, Department of Economic Affairs, to enable them to consider suitable modifications in the scheme.

S. K. SEN,

Deputy Secretary to Government of India.

Dated 21st June 1950.

OFFICIAL MEMORANDUM.

No. Fl. 2645-2740—G. F. 177-49-4. In accordance with the instructions issued by the Government of India, it is directed that in future the system of accepting bank deposit receipts as security deposits should be discontinued altogether. The parties concerned may however be permitted to make, either by a suitable deposit or a guarantee, arrangements with any bank which should deposit Government securities to cover the amount of security demanded, with a margin of five per cent, below the market value. Security in the form of cash and Government securities will continue to be acceptable.

The above decision is not intended to be applied in the case of the Imperial Bank of India, whose fixed deposit receipts may continue to be accepted as security deposit, etc., as hitherto.